

# Risk Management



## Department Description

The Risk Management Department manages the City's self-insured Workers' Compensation Programs; coordinates public liability and loss control measures intended to forecast and reduce the City's exposure to risks; administers employee health and safety programs, employee benefits contracts, and programs including employee savings plans, the Long-Term Disability Plan, and the Employee Assistance Program (EAP).

The Department's mission is:

*To effectively prevent, control, and minimize the City's financial risk while providing optimum services to the City's employees and the public through the centralized administration of healthcare, safety, loss control, employee benefit, and other risk management programs*

## Goals and Objectives

The following goals and objectives represent the action plan for the Department.

### ***Goal 1: Maintain good stewardship over City finances***

In order for the City to operate in the most efficient and effective manner possible, the Department must serve as a good steward of the City's finances. It must promote cost effective strategies and continue to improve accountability within the Department. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Meet reserve policy targets
- Deliver services in a cost-effective manner

### ***Goal 2: Reduce risk and loss exposure***

In the past, the City focused on reacting to issues that arose. It is the Department's goal to reduce risk and loss exposure and create a more proactive culture within the City. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Promote and encourage behaviors that minimize loss
- Promote the importance of employee safety
- Identify and monitor loss metrics

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## Service Efforts and Accomplishments

As a result of recent internal reviews and external operational assessments and rapidly rising workers' compensation costs, Risk Management developed an optimization plan. This plan continues to increase all City departments' awareness of the areas where losses are occurring and where resources should be applied to reduce the volume and subsequent costs of incidents. The Safety and Environmental Health Division is working with City departments to develop aggressive, prevention-oriented programs intended to increase safety awareness and accountability while lowering injury rates and costs. The Workers' Compensation Division has implemented best practices for claims administration, including a Medical Provider Network for the optimal treatment of the City's injured workforce.

## Budget Dollars at Work: Performance Expectations

### Goal 1: Maintain good stewardship over City finances

| Performance Measure  | Baseline<br>FY2007              | Actual<br>FY2008 | Target<br>FY2009 |
|--|---------------------------------|------------------|------------------|
| 1. Reserve balances in millions (and percentage of reserve goals) at the beginning and ending of fiscal year for Long Term Disability  | \$3.0 / 30%                     | \$3.0 / 30%      | \$5.3 / 40%      |
| 2. Reserve balances in millions (and percentage of reserve goals) at the beginning and ending of fiscal year for Public Liability      | \$0 / 0%                        | \$0 / 0%         | \$11.4 / 20%     |
| 3. Reserve balances in millions (and percentage of reserve goals) at the beginning and ending of fiscal year for Workers' Compensation | \$19.3 / 20%                    | \$19.5 / 20%     | \$24.1 / 30%     |
| 4. Percent increase/decrease of largest HMO healthcare premiums from prior year relative to industry trend                             | Industry trend:<br>11% increase | 9.5% increase    | 7.4% increase    |
| 5. Ratio of workers' compensation claims by claim representative compared to industry standards  | Industry<br>Standard: 150%      | City: 159%       | City: 159%       |
| 6. Ratio of public liability claims by claim representative compared to industry standards   | Industry<br>Standard: 140%      | City: 155%       | City: 184%       |

### Goal 2: Reduce risk and loss exposure

| Performance Measure  | Baseline<br>FY2007 | Actual<br>FY2008 | Target<br>FY2009 |
|--|--------------------|------------------|------------------|
| 1. Percent of investigations resulting in Occupational Safety and Health Administration (OSHA) citations   | 50%                | 0%               | 0%               |
| 2. Percent of safety audits (conducted in departments with the largest workers compensation exposure) found to have implemented best practices for employee safety   | 86%                | N/A <sup>1</sup> | 100%             |
| 3. Percent increase/decrease of average 'Recordable Injury Incident Rate' (injuries requiring medical attention beyond first aid) as compared to prior year for the seven largest departments <sup>2</sup> | 11% decrease       | N/A <sup>3</sup> | 10% decrease     |
| 4. Percent increase/decrease of average 'Lost/Rest Rate' (accident cases per 100 full time employees) as compared to prior year for the seven largest departments  | 24% decrease       | N/A <sup>3</sup> | 10% decrease     |

<sup>1</sup> Data available in October 2008

<sup>2</sup> The seven largest departments are: Police, Fire-Rescue, Water, Metropolitan Wastewater, Environmental Services, General Services, and Park & Recreation.

<sup>3</sup> Data available in September 2008

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| Performance Measure   | Baseline<br>FY2007 | Actual<br>FY2008 | Target<br>FY2009 |
|---|--------------------|------------------|------------------|
| 5. Percent increase/decrease of 'Lost Days' (lost days as a result of a work-related injury) as compared to prior year for the seven largest departments  | 10% decrease       | N/A <sup>3</sup> | 10% decrease     |
| 6. Percent increase/decrease of workers compensation claims compared to prior year (as an indicator of safety program effectiveness)  | 7% decrease        | 2% decrease      | 8% decrease      |
| 7. Number of quarterly Safety Performance Reports that include statistics for the seven largest departments on preventable vehicle accidents (as a first step to initiating a campaign to reduce preventable vehicle accidents) | N/A                | N/A              | 4                |
| 8. Percent increase/decrease of preventable accidents compared to prior year for the seven largest departments  | 37% increase       | 17% decrease     | 12% decrease     |

## Budget Dollars at Work: Sizing and Workload Data

|   | Actual<br>FY2005 | Actual<br>FY2006 | Actual<br>FY2007 | Actual<br>FY2008 | Target<br>FY2009 |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Sizing Data</b>  |                  |                  |                  |                  |                  |
| Number of new employees enrolled in the City's benefit programs             | 511              | 487              | 479              | 574              | N/A <sup>4</sup> |
| Number of health care programs provided                                     | 21               | 21               | 21               | 13               | 8                |
| <b>Workload Data</b>  |                  |                  |                  |                  |                  |
| Number of prevention-oriented training sessions provided by Risk Management | 27               | 25               | 22               | 37               | 22               |
| Number of safety audits completed   | 7                | 7                | 7                | 7                | 7                |
| Number of public liability claims managed                                   | 3,026            | 2,375            | 2,278            | 2,482            | N/A <sup>2</sup> |
| Number of workers' compensation claims managed                              | 3,863            | 3,723            | 3,878            | 3,879            | N/A <sup>2</sup> |
| Number of benefit changes processed by Risk Management                      | 2,617            | 2,968            | 2,264            | 1,932            | N/A <sup>2</sup> |
| Number of new requests for EAP consultations                                | 323              | 344              | 271              | 272              | N/A <sup>2</sup> |
| Number of EAP training sessions (sponsor or participant)                    | 30               | 32               | 28               | 41               | 28               |

<sup>4</sup> Cannot accurately set target for data